

STAFF REPORT

TO: Neighborhood Advisory Committee **DATE:** 02/22/16

FROM: Todd Okolichany, AICP, Planning & Urban Design Director

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SUBJECT: Wording Amendment – ADU's as part of a Homestay operation

Summary

A report seeking feedback from the neighborhoods regarding the use of Accessory Dwelling Units (ADU's) as part of a homestay operation

Background

Over the last two years, the City of Asheville has been engaged in a long and public conversation over the proliferation of short term rentals in the city's jurisdiction, and how best to regulate these rentals. Following a great deal of public input, the City Council has decided to retain its longtime prohibition on unoccupied, whole house (or dwelling unit) rentals in residential districts. However, on November 17, 2015, Council approved an ordinance amending standards for *Homestays*. This amendment removed several barriers and made it easier to establish a Homestay as a form of short-term rental that requires a full-time resident (resident-manager) of the property to live in the home while guests are present. This is reinforced in the ***Unified Development Ordinance*** (UDO) definition for Homestay which is as follows:

Homestay means a private, resident occupied dwelling, with up to two guest rooms where overnight lodging accommodations are provided to transients for compensation and where the use is subordinate and incidental to the main residential use of the building. A homestay is considered a "Lodging" use under this UDO.

While the amendment successfully expanded the opportunity to obtain a Homestay permit, it did not allow the use of an ADU on the property to be used as part of the Homestay operation since these units were, by definition and by design, separate units and could not be occupied by both the resident(s) and guests. On December 8, 2015, the Asheville City Council requested that staff reexamine the use of ADU's as part of a Homestay and share its findings with the Planning & Economic Development Committee.

Planning & Economic Development Committee:

A report was shared with the PED Committee on January 26, 2016 and Committee members reviewed some draft text that could be considered to allow ADU's to be used as part of a homestay. In addition to this review, committee members requested that staff provide more research and information and specifically asked for:

- 1) Data on the impacts this change could have on (affordable) housing and neighborhoods,
- 2) Feedback from neighborhood groups regarding their concerns, and
- 3) Benchmarking practices from other cities.

Information Collection and Analysis:

Data & Metrics: In reviewing the request from the PED, staff looked into our ability to collect specific metrics related to housing and ADU's. Unfortunately, much of this data is unavailable. In lieu of this data, staff will be performing a survey of recently permitted ADU owners that will ask the following questions:

1. Do you plan to rent your ADU? If not, what are your plans for the ADU?
2. If you plan to rent, what do you anticipate renting the unit for?
3. If the City changed the current rules and allowed ADU's to be used for a short term rental, would you consider doing a short term rental?
4. If yes, why would you prefer having a short-term rental over a long-term rental?

The results of these surveys will be tabulated and shared once completed. In addition to the information regarding the use of ADU's, staff will also compile some information/data regarding enforcement cases over the last 2-3 years.

Feedback from Neighborhood Groups: Staff is asking both the Coalition of Asheville Neighborhoods and the Neighborhood Advisory Committee to contact their members and solicit a response to the following questions:

1. If City Council votes to expand the options for homestays to include the use of an Accessory Dwelling Unit (ADU) for guest accommodations, what impacts, if any, on neighborhoods would you be concerned about?
2. What other concerns would you have?

Feedback from Advisors on Affordable Housing: Staff has already met with the Affordable Housing Advisory Committee, the Coalition of Asheville Neighborhoods and is currently on the Housing and Community Development's February 16th agenda. Staff has/will present an update on the amendment and the new information requested and solicit any additional feedback or direction that these advisors believe important for decision makers to consider.

Benchmarking: A common practice when considering code changes is to see how other cities regulate (or don't regulate) the same activity. Staff is in the process of surveying other comparable cities to learn what regulations of ADU's may exist. The results of these surveys will be tabulated and shared once completed. The survey is short and includes the following the questions:

1. Does your city have standards that allow accessory dwelling units (a.k.a. accessory apartments)? These units may be either detached or attached but must be subordinate to a single family home located on the same property.
2. Do you allow these accessory dwelling units to be used as a short-term rental (rented by transient lodgers for periods of less than 30 days)?
3. If your answer is "yes" to #2, do you have special standards for accessory dwelling units used as short-term rentals? What are those standards?